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SUBJECT: PRIME MINISTER MELES ON GOVERNANCE AND FOREIGN POLICY

SUMMARY

1. (SBU) Prime Minister Meles Zenawi met with the joint Ambassadors and Donors group on June 5, the first such meeting with this group and the first in several years with any broad group of Ambassadors. Organized by the American Embassy chair, Meles explained that international observers will be invited to the 2010 elections, but cautioned that they must be judges of the electoral process not predictors of the results. Public sector-led growth under government oversight and direction in banking, telecom and insurance will remain unchanged, though the private sector will be developed to attract investment and increase needed foreign exchange. Finally, the Prime Minister urged the United Nations and the international community to listen to, and support, the Intergovernmental Authority on Development (IGAD) and African Union call for sanctions against Eritrea for its destabilizing arms and financial support of extremists in Somalia and in the region, and the need to support the Somali Transitional Federal Government (TFG) through a no-fly zone and port embargo to halt arms flows to extremists who seek to destroy the TFG.

2. (SBU) Confident and precise in explaining his policy objectives and the challenges Ethiopia faces, Meles' key message was to the Ambassadors to be neutral in the upcoming national elections, encourage the opposition not to boycott the elections, to support the electoral process and understand the government will hold fair and transparent elections. There may be problems, but it would be the result of the lack of capacity, not the government's lack of effort. Finally, he cautioned that any violence will be from the opposition, the government is committed to holding peaceful elections. End Summary.

PART I: GOVERNANCE - THE ELECTORAL PROCESS

3. (SBU) Prime Minister Meles Zenawi met with 30 Ambassadors and Charges from the joint Ambassadors group (EPG - Ethiopia Partners Group) and Donors Assistance Group (DAG) on June 5 for over two and a half hours, arranged by the American Embassy, the chair for the joint group. This was the first meeting with a large group of diplomats in several years by the Prime Minister and the first time the Prime Minister has ever met with the joint EPG/DAG, which includes representatives of the United Nations, World Bank as well as major donors and key embassies. Prime Minister Meles focused on three areas: governance, sustainable economic development, and regional issues. On governance, the Prime Minister said the government learned from its mistakes in the 2005 national elections which saw a dramatic increase in opposition representation in the Parliament from 12 seats to over 170 seats in the 547 seat parliament. The over 30 percent vote and seats won was the best showing ever by Ethiopia's opposition. But, Meles said the post-election violence was the result of opposition arrogance and the meddling of international observers. The International

Republican Institute's (IRI) election observers said the 2005 elections would be fair only if the opposition won at least 30 percent of the seats and vote, which it did. EU chief observer, Ana Gomes, a socialist EU parliamentarian from Portugal, declared the opposition the winners of the 2005 elections based on urban polling results, when it was clear from the Carter Center that the ruling EPRDF had won (Note: Roughly 86 percent of the populace lives in rural areas. End note).

14. (SBU) According to Meles, the 2005 violence, which led to the deaths of 197 people, demonstrated that international observers must focus on judging the electoral process and specifically the openness and transparency in pre-election preparation including voter registration and candidate registration, and in the conduct of the elections. Meles made it clear that international observers must not speculate on outcomes, must not focus on predictions of election results, and must not attempt to sway voter opinion. Observers must be neutral, judging only the electoral process, he stressed. Whatever the electorate decides, the process must be respected. Meles said the government will invite international observers, but will be selective. He said IRI and the National Democratic Institute (NDI), for instance, would not be invited, but the Carter Center would.

#### GOVERNANCE - NEUTRALITY

15. (SBU) Meles warned the diplomatic corps not to interfere in Ethiopia's internal politics through support for the opposition, as he argued it did in 2005. In 2005, Meles said some Embassies worked with the opposition, coordinating meetings and unwittingly

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contributed to the violent aftermath of the elections by giving the opposition false hope that these embassies would stand behind them. After the elections, Meles said some Embassies demanded a one year transition for the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition to cede authority to a unified opposition group. Ana Gomes, in particular, advocated for this position. Referring to the Carter Center report that the EPRDF had won and noting that the opposition only obtained 30 percent of the vote and seats, Meles said the activities of some of the Embassies were not democratic. Elections must be free, fair and peaceful; they cannot be a mechanism to replace an elected government.

#### GOVERNANCE - AMBASSADORS PRESS FOR INTERPARTY TALKS

16. (SBU) Meles cautioned the Embassies not to encourage the opposition to boycott upcoming elections or to intimidate the ruling party through international pressure and support for the opposition. The German Ambassador replied to the Prime Minister that the clear message from the international community to the opposition is not to boycott and to participate in dialogue with the government. In this context, the questions from the Ambassadors stressed the importance of the government and ruling party to engage in interparty talks with the opposition, which have yet to begin, and to pursue any charges of harassment. Further, there need to be terms of reference which will allow for observers to judge the electoral process. The German Ambassador also raised concerns over the draft anti-terrorism law currently before parliament and recently passed laws. Meles replied that the anti-terrorism law draft will be circulated to the diplomatic corps and discussions on this law can take place after everyone has reviewed the draft law text. Meles added that interparty talks are guaranteed under the electoral process which will promote a free, fair and peaceful election. He referred to the recent national electoral law, noting that the opposition had vetted the nine candidates who he was authorized to select to form the board and that three of the members were opposition people.

17. (SBU) The problem is not the recent laws passed, but implementation, Meles said. The electoral code of conduct is based on the best international practices, but the Ethiopian electorate needs to be educated. This will take time and education. There is a tendency to "Ethiopianize" ideas borrowed or incorporated in the laws. That only makes the situation confusing, complicates the

process, and leads to unintended consequences. It is in this context that the electorate must be educated and understand what is being adopted from other countries and why it must not be altered in the implementation process. On the terms of reference for international observers, Meles said the observers must also abide by the TOR because Ana Gomes rejected the agreement and pursued her own agenda in 2005.

## PART II: Somalia Stalemate

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¶8. (SBU) Meles said in recent days Hizb al Islam and al-Shabaab tried to control the central region of Somalia and choke off any north-south movement. The sufi Alhu Sunna Wal Jama'a (ASWJ) stopped the effort, giving the TFG breathing room in Mogadishu. It is clear, Meles said, that al-Shabaab cannot, at this time, remove the TFG and the TFG cannot defeat al-Shabaab. Meles said the African Union Mission in Somalia (AMISOM) and ASWJ are elements that prevent al-Shabaab from taking over Somalia. The United Nations must support AMISOM with payments and support. The United Nations must hear and support the call by IGAD and African Union states for a no fly zone and blockade of some ports to prevent arms and financial flows from reaching al-Shabaab. Eritrea must be stopped from helping the al-Shabaab gain advantages. If AMISOM fails and if the UN does not help Africa cut off assistance to the extremists then al-Shabaab will win. Meles raised, but did not expand on, the importance of the TFG reaching out to anti-al-Shabaab elements, like ASWJ, which would help the TFG cause.

¶9. (SBU) Eritrea remains a major obstacle to defeating al-Shabaab, Meles argued. The Prime Minister said it was regrettable that the UN only "barked" but did not "bite" Eritrea in not enforcing UN Security Council Resolution 1862 to sanction Eritrea for holding Djiboutian territory. The lack of UN action has emboldened President Isaias even further to destabilize the region, Meles asserted. He again urged the ambassadors to support IGAD and the AU in controlling Eritrea. Meles added that IGAD and the AU cannot understand how the international community overlooks Eritrea's jailing of its own ministers and people. The EU recently granted 120 million Euros in assistance to Asmara with no criticism of Eritrea's abusive human rights record. Sweden gave assistance without criticizing Eritrea for the jailing of a Swedish-Eritrean

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reporter for the past several years.

¶10. (SBU) On Sudan, Meles speculated that in 2011 the Comprehensive Peace Agreement (CPA) will not be implemented and that 2011 could mark a potentially devastating time of instability in Sudan and the region. He touched on the International Criminal Court (ICC) warrant for President Bashir and the need to find some compromise without exacerbating an already tense situation.

## PART III: SUSTAINABLE ECONOMIC DEVELOPMENT

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¶11. (SBU) The Prime Minister said he saw no reason to change the current public sector-led growth strategy in which government oversight and direction in the banking, telecommunications, and insurance sectors will remain unchanged. He said the private sector will be developed to attract investment and increase needed foreign exchange. He was encouraged by the expanded relations with India and Turkey and was hopeful that Ethiopia's economic development will benefit. He also expressed appreciation for the establishment of the American Chamber of Commerce as a new paradigm for conducting business and praised the Netherlands on export programs.

¶12. (SBU) Meles said the balance of payments problem is being addressed. Inflation will be under control this year to single digit levels, and the government will keep the deficit under 1.5 percent of GDP. This will entail tighter controls over money and deficit spending. The Ethiopian birr has faced a 17 percent devaluation, but more work will be necessary to tackle the imbalances in the economy. The lack of foreign exchange is being addressed through talks with the IMF. One problem to the deficit and lack of foreign currency has been poor exports. But Meles said

the main problem is not the worldwide economic downturn but fundamental problems in Ethiopia's export market. Changes, better regulation, and new approaches are being taken. He pointed to coffee as an example of the changes in this sector that are taking place. The changes will hopefully make coffee exports and other exports much better in the coming year. Support from the African Development Bank and World Bank will also be important.

¶13. (SBU) Meles noted that tax collection is terrible. Better tax collection is important. He did note that the revenue service has been overly aggressive creating problems for individuals and companies who are being unfairly over-taxed, but noted that the legal process can help resolve these types of problems. To bring in more investment, Meles said the government is promoting joint ventures. No foreign investor wants Ethiopia's outdated textile factories, but through joint ventures and better deals on sales or leases, the government hopes to privatize the textile and other sectors.

COMMENT  
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¶14. (SBU) A few Ambassadors, including the U.S., were taken aback by the firm warning by the Prime Minister on the international community's meddling in the last election, responsibility for the violence, and restrictions in the 2010 elections that could make election observing very restricted. This may not be a factor since the EU does not plan to send observers and there may be not observers from the U.S. The Carter Center may pass on the 2010 elections because it may be unwilling to jeopardize its health sector programs by engaging in elections work in Ethiopia.

¶15. (SBU) The series of laws passed since 2010 while termed as supportive of creating an equal playing field in fact has impacted most on the opposition parties. Forbidding outside funding for parties and democratic activities is in sharp contrast to the ruling party's ability to secure funds from enterprise corporations which collect funds from government controlled sectors. The opposition, which got most of its funds from the diaspora in 2005, has minimal access to funding in Ethiopia. The Prime Minister's assertion that the laws are sound but implementation difficult and that voter education is critical can be met if the government aggressively investigates charges of harassment and intimidation. In the 2009 local elections the opposition secured less than 1/100 of one percent of contestable seats, though most of the opposition parties boycotted the elections. There was almost no investigation of charges by opposition parties on registration irregularities, intimidation of opposition parties, inability to register opposition candidates or charges of unfair arrest of supporters and candidates. To date, we have not seen any reports addressing the charges raised by the opposition parties.

¶16. (SBU) Without Europe's active participation, it will fall

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primarily on the U.S. to lead efforts with the government on the 2010 elections and to help expand political space for the opposition. In this context, we intend to meet with the newly formed Forum for Democratic Dialogue, which is a mechanism to unite the opposition parties in the 2010 elections when they have selected their own leaders and drawn up a plan on how they will deal with the 2010 elections. Further, we remain the lead in advocating for interparty talks, scheduled for July, and clear commitments by the government to investigate immediately any charge of harassment or problems raised by any group or individual. End Comment.

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